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LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/14/07

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION

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INDEPENDENT ACCOUNTANTS' REPORT

To the Executive Committee
The Louisiana High School Athletic Association
Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of The Louisiana High School Athletic Association (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Unconditional promises to give and depreciation have not been recorded. Not recording the aforementioned items in the financial statements is a departure from generally accepted accounting principles. The effects of these departures on the financial statements have not been determined.

In my opinion, except for the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of The Louisiana High School Athletic Association as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Robert D. Behrens, CPA

Baton Rouge, LA
December 8, 2006

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2006 and 2005

	2006	2005
	-----	-----
ASSETS:		
Cash and cash equivalents	\$72,692	\$237,816
Receivables due from schools and affiliate	55,712	105,896
Prepaid expenses	114,157	62,897
Note Receivable	0	0
Investment securities	838,053	716,123
Buildings, Furniture & Equipment	1,629,973	1,626,336
	-----	-----
TOTAL ASSETS	\$2,710,587	\$2,749,068
	=====	=====
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts Payable	\$0	\$0
Deferred Revenue	153,510	0
Long-term Debt	495,378	536,697
	-----	-----
Total Liabilities	648,888	536,697
	-----	-----
NET ASSETS:		
Unrestricted		
Designated - operating reserve	838,053	716,123
Undesignated	1,223,646	1,496,248
	-----	-----
Total net assets	2,061,699	2,212,371
	-----	-----
TOTAL LIABILITIES AND NET ASSETS	\$2,710,587	\$2,749,068
	=====	=====

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF ACTIVITIES
For the years ended JUNE 30, 2006 and 2005

CHANGES IN UNRESTRICTED NET ASSETS	2006	2005
	-----	-----
Support and Revenue:		
Membership Dues	\$170,650	\$182,650
Athletic Events and Playoffs	303,202	308,265
State Championship Events		
State Baseball Tournament	15,509	6,668
State Swim Meet	18,708	23,507
State Volleyball Tournament	48,260	69,937
State Wrestling	36,119	38,463
Superdome Classic	318,514	556,787
Sweet 16 Tournament	133,363	146,898
Top 28 Tournament	357,920	325,999
Programs, Registrations and Fees	149,878	168,111
Marketing and Promotion		
Corporate Sponsorships	538,974	490,115
Events Sponsorships	62,103	67,857
Web Advertising	400	1,780
Sales		
Event Items	230,789	224,775
Patches, Certificates and Publications	11,292	12,558
Fines and Hearings	39,464	65,861
Net Investment Return	21,994	39,882
Officiating	78,844	88,536
Other Income and Reimbursements	37,998	26,525
Proceeds from Sale of Vehicle	2,292	2,500
	-----	-----
Total Support and Revenue	2,576,273	2,847,674
	-----	-----
Expenses:		
Program Services	1,338,723	1,443,281
Supporting Activities:		
General and Administrative Expenses	1,361,893	1,352,183
	-----	-----
Total Expenses	2,700,616	2,795,464
	-----	-----
(Decrease) Increase in Unrestricted Net Assets	(\$124,343)	\$52,210
Unrestricted Net Assets, Beginning of Year	2,186,042	2,160,161
(Adjusted for accounting correction)	-----	-----
Unrestricted Net Assets, End of Year	\$2,061,699	\$2,212,371
	=====	=====

The accompanying notes to financial statements are an integral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended JUNE 30, 2006 and 2005

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	2006	2005
	-----	-----
Program Services:		
Annual Meeting	\$32,938	\$24,102
Area Meetings	10,577	13,889
Books and Certificates	57,819	50,969
Clinics and Seminars	24,337	33,168
Drug Education Programs	0	405
Entry Fee Reimbursements	9,267	9,772
Executive Committee	101,609	92,154
Hall of Fame Expenses	2,106	2,000
Investigative Services	657	975
Legal Services	47,477	35,086
Lobbying Expenses	9,075	10,527
Marketing and Promotional Expenses	256,692	211,862
National Meetings	62,289	105,375
Officials-Associations and LHSAA Fees	18,465	10,626
Patches Expense	6,809	6,759
Rules Compliance	50,153	53,745
School Visitations and Relations	20,075	19,070
Sponsors Scholarships	11,445	11,834
Staff Expenses	59,609	48,529
State and National AD Meetings	4,413	10,121
State Championship Events		
State Swim Meet	11,254	19,374
State Volleyball Tournament	41,228	41,863
State Wrestling	35,755	32,678
Superdome Classic	195,267	338,796
Sweet 16 Tournament	83,622	90,331
Top 28 Tournament	146,120	129,114
Trophies and Plaques	39,665	40,157
	-----	-----
Total Program Services	\$1,338,723	\$1,443,281
	=====	=====

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended JUNE 30, 2006 and 2005

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	2006	2005
	-----	-----
General and Administrative:		
Accounting Fees	\$8,483	\$7,415
Automobile Expenses	54,165	62,250
Building Interest Expense	30,178	32,242
Building Maintenance and Rent	80,847	68,714
Computer Related Expenses	138	43,508
Dues and Subscriptions	6,541	6,599
Equipment Maintenance and Repairs	8,156	5,792
Equipment Leases	55,494	61,289
Insurance-Health, Liab, General	130,299	126,396
Insurance-Workman's Compensation	6,323	5,920
Miscellaneous Expenses	2,088	3,496
Office Expenses	39,589	39,780
Payroll and Related Expenses	758,021	732,269
Payroll-Retirement Plan Contribution	61,091	57,427
Postage Expense	22,905	19,450
Printing Costs	46,471	32,849
Telephone Expense	33,317	22,795
Utilities Expense	17,787	23,992
	-----	-----
Total General and Administrative	\$1,361,893	\$1,352,183
	=====	=====

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
STATEMENTS OF CASH FLOWS
For the years ended JUNE 30, 2006 and 2005

	2006	2005
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in unrestricted net assets	(\$124,343)	\$52,210
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets		
Accounts receivable	50,184	(39,078)
Prepaid Expenses	(51,260)	(24,473)
Increase (decrease) in operating liabilities		
Accounts payable and deferred revenue	153,510	(1,500)
	-----	-----
Net cash provided by operating activities	\$28,091	(\$12,841)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections on Sportswriters Loan	0	3,500
Proceeds from the sale or maturity of investment securities	692,516	618,250
Purchases of investment securities	(843,067)	(360,521)
Purchases of building furniture and equipment	(3,637)	(27,872)
Sale of Vehicle	2,292	2,500
	-----	-----
Net cash provided by investing activities	(\$151,896)	\$235,857
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on Bank One building note	(41,319)	(39,553)
	-----	-----
Net increase(decrease) in cash and cash equivalents	(165,124)	183,463
Beginning cash and cash equivalents	237,816	54,353
	-----	-----
Ending cash and cash equivalents	\$72,692	\$237,816
	=====	=====
Additional disclosure:		
Interest paid on Bank One building note	\$30,178	\$32,540
	=====	=====

The accompanying notes to financial statements are an intergral part of these statements.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

1. SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Program:

The Louisiana High School Athletic Association (LHSAA) is a nonprofit organization exempt from the federal income tax, pursuant to Section 501(c)(3) of the Internal Revenue Code. The objective of the LHSAA is to promote, regulate, and direct interscholastic athletic activities of Louisiana High Schools.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unstricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2006 and 2005, the Association had no classes of temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

All revenue is recorded as unrestricted support and revenue.

Functional Expenses

Expenses are charged directly to program or to general and administrative categories based on specific identification.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

2. INVESTMENT SECURITIES

Unrealized gains and losses are included in the changes in unrestricted net assets. Investments are stated at fair value and consist primarily of money market funds, asset backed securities, mutual funds, and bond funds. Accordingly, as of June 30, 2006 and 2005, the Association held the following investments:

June 30, 2006:			
Institution	Description	Cost	Fair Value
-----	-----	-----	-----
Sanders, Morris Harris	Cash and cash equivalents (money-market funds)	\$850	\$850
	Asset back securities	620	562
	Mutual Funds	843,067	836,641
		----- \$844,537 =====	----- \$838,053 =====
June 30, 2005:			
Sanders, Morris Harris	Cash and cash equivalents (money-market funds)	\$414,821	\$414,821
	Asset back securities	1,451	1,474
	Unit investment trusts	20,137	17,994
	Mutual Funds	0	0
Enterprise Gp	Cash and cash equivalents (money-market funds)	281,834	281,834
		----- \$718,243 =====	----- \$716,123 =====
		2006	2005
		-----	-----
Net investment return is summarized as follows:			
Interest income		\$41,845	\$32,339
Net Unrealized Gains/(Losses)		(19,851)	7,543
		-----	-----
Total net investment return		\$21,994	\$39,882
		=====	=====

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

3. PREPAID EXPENSES AND DEFERRED REVENUE

At June 30, 2006 and 2005, prepaid expenses of \$ 114,157 and \$ 62,897 represented expenses paid in advance for the fiscal years ended June 30, 2007 and 2006. These expenses are primarily for vehicles, publications, computers, and insurance. At June 30, 2006, deferred revenue of \$ 153,510 represented primarily receipts received in advance for the fiscal year ended June 30, 2007. These items are advances on fees.

4. RELATED PARTY TRANSACTIONS

Individuals who are on the executive council of the LHSAA are also on the executive council of the Louisiana High School Coaches Association(LHSCA), and the Louisiana High School Hall of Fame, Inc. These individuals are certain principals and coaches from the various member schools, and the LHSAA commissioners. During the years ended June 30, 2006 and 2005, the LHSCA reimbursed the LHSAA \$ 44,500 and \$ 45,317 for staff support and salary reimbursement, including \$ 15,000 for each year for building utilization. During the years ended June 30, 2006 and 2005, the Hall of Fame reimbursed the LHSAA \$ 1,000 for staff support.

5. LEASE COMMITMENTS

The Association leases office equipment for rental periods of 60 months. Annual minimum lease payments are due as follows:

	2006	2005
	-----	-----
June 30, 2005	\$0	\$60,000
June 30, 2006	60,000	60,000
June 30, 2007	60,000	60,000
June 30, 2008	60,000	60,000
June 30, 2009	60,000	60,000
	-----	-----
	\$240,000	\$300,000
	=====	=====

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

6. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents: The carrying amounts reported in the statements of financial position and cash flows approximates fair value. Any cash equivalent is considered to be highly liquid with a maturity of less than three months at the purchase date.

Investment securities: These values were furnished by the outside investment advisor to the Association, valued at the report date of June 30. The fair values are based on quoted market prices for mortgage backed securities, money market funds, bond funds, and mutual funds.

7. NOTE PAYABLE

The Association has a note payable to Bank One, Louisiana, NA in the original amount of \$ 700,000, payable in monthly installments of \$ 5,983, including interest at 5.75% per annum, collateralized by a mortgage on the property at 8075 Jefferson Highway, as of June 30, 2006 and 2005, as follows:

	2006	2005
	-----	-----
Total note balance due	\$495,378	\$536,697
	=====	=====
Note payments are due as follows:		
June 30, 2005	\$0	\$38,137
June 30, 2006	40,751	40,751
June 30, 2007	43,545	43,545
June 30, 2008	46,453	46,453
June 30, 2009 and after	364,629	367,811
	-----	-----
	\$495,378	\$536,697
	=====	=====

The note matures(balloons) in November, 2008.

8. DEFINED BENEFIT PENSION PLAN

Substantially all of the LHSAA full-time employees participate in the Teacher's Retirement System of Louisiana (the System), which is a cost-sharing, multiple-employer public employee retirement system. The System is administered and controlled at the State level by a separate board of trustees, with contribution rates and benefit provisions approved by the Louisiana Legislature.

LOUISIANA HIGH SCHOOL ATHLETIC ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006 and 2005

8. DEFINED BENEFIT PENSION PLAN (continued)

With respect to the Teachers' Retirement regular plan, normal retirement is at age 60 with 10 years of service, or at any age with 20 years of service. The formula for annual maximum retirement benefits is generally 2%(with less than 25 years of service) or 2.5%(with 25 or more years of service) times the years of creditable service times the average salary of the 36 highest successive months (plus \$300 applicable to persons becoming members prior to July 1, 1986).

Contributions to the plans are determined by State statute are are expressed as a percentage of covered payroll. The contribution rates in effect for the years ended June 30, 2005 and 2004, for the employer and covered employees were as follows:

	Employer	Employee
Teachers' Retirement System:	-----	-----
Regular plan - June 30, 2006	15.9%	8.0%
	=====	=====
- June 30, 2005	15.5%	8.0%
	=====	=====

9. PROMOTIONAL ITEMS

Promotional revenue (sales) items consist of programs ads, programs, Sponsored sporting events, T-shirt sales, and videotape sales.

Promotional expense items consist of the costs of producing or selling the above revenue items, and also the costs of promoting the LHSAA.

Sponsored events include softball and track.

10. CONTINGENT LIABILITIES and SUBSEQUENT EVENTS

At June 30, 2006 and 2005, there were several pending lawsuits against the LHSAA. Legal counsel has indicated that the Association should prevail in all cases, with the possibility of a nominal settlement in one case. Any settlements to be awarded were indeterminate at June 30, 2006 and 2005 and to the date of the audit report.